

**NOTICE AND PROCEDURE ON REGISTERED WARRANTS  
RECEIVED BY COUNTY DEPARTMENTS AND AGENCIES**

As of July 10, 2009, all State Registered Warrants "IOU's" issued to County departments, agencies, and special districts will be held in the County Treasury until maturity.

Revenue associated with an individual State IOU will be accrued to a REV SUBOBJECT and an ACCOUNTS RECEIVABLE. The entries shall be recorded into the County general ledger on an ELECTRONIC DEPOSIT PERMIT (EDP).

**HOW TO RECORD THE RECEIPT OF A STATE IOU AS AN ACCOUNTS RECEIVABLE**

State IOU's should be prepared on an EDP for Fiscal Year 2009/10. The year-end revenue accruals for FY 2008/09 do not change and should be prepared in the normal manner.

Each EDP for a State IOU should be prepared on a separate EDP and should not be combined with other deposit transactions.

To prepare an EDP for an individual State IOU, the department will first record the appropriate department Fund/Org and Revenue Sub Accounts on the EDP.

An additional line of coding will be required to record the ACCOUNTS RECEIVABLE.

ACCOUNTS RECEIVABLE are recorded directly to the Fund associated with the department org in the Finance Chart of Accounts. Departments should either obtain this information from the Auditor's Website or they may contact the Auditor Controllers Office by phone 646-2195 and ask for EDP assistance.

Use GL PRIME ACCOUNT 0127 A/R STATE REG WRTS-IOU to record an ACCOUNTS RECEIVABLE for State IOU's.

After a department has determined which Fund to record the ACCOUNTS RECEIVABLE, prepare the next line on the EDP by coding the ACCOUNTS RECEIVABLE line as a bracketed (negative) amount to ACCOUNT 0127 A/R STATE REG WRTS-IOU for that FUND number. The sum of the amounts recorded as revenue or revenues and the negative amount recorded as an ACCOUNTS RECEIVABLE **must net to zero.**

Any accrued revenues and ACCOUNTS RECEIVABLE must be properly described for tracking purposes and therefore the department should record the Warrant Number for the IOU in the "Description" field of the EDP form. It is only necessary to record the Warrant Number on the same line on which the Fund Number and Accounts Receivable number are recorded.

The name of the State Agency responsible for authorizing the State IOU should be recorded on the EDP under "EDP Explanation" e.g. Department of Health Services, Department of Social Services, etc.

**Example 1**

State IOU received by Health Services Mental Health – revenue to be accrued to Fund 100300 COUNTY GENERAL FUND on a Treasurer's EDP.

Description of Deposit	Fund/Org	Subacct	Amount
Cntrl MH Admin – Misc State Aid	005941	9435	7,838.00
<b>CA W#93-027202</b>	<b>100300</b>	<b>0127</b>	<b>(7,838.00)</b>

EDP EXPLANATION: Claimed from CA Department of Health Services

### Example 2

State IOU received by Department of Child Support Services – revenue to be accrued to Fund 111600 CHILD DEVELOPMENT FUND on a Treasurer's EDP.

Description of Deposit	Fund/Org	Subacct	Amount
CCFP State Reimb 4/09	001805	9431	2,340.58
CCFP State Reimb 4/09	001826	9431	1558.42
<b>CA W#93-026744</b>	<b>111600</b>	<b>0127</b>	<b>(3899.00)</b>

EDP EXPLANATION: Claimed from CA Department of Child Support Services

### REDEMPTION OF STATE IOU's

As State IOU's are redeemed, an EDP shall be prepared to record the deposit of cash and a corresponding reduction to the IOU ACCOUNTS RECEIVABLE. The manner in which redemptions are received will determine whether the Treasurer or the department will prepare the EDP.

Each State IOU's will be redeemed with earned interest at 3.75%. The cash and revenue associated with any interest earned on State IOU's will be deposited into the Fund that held the State IOU.

Interest on IOU's for the Fund 100300 COUNTY GENERAL FUND shall be recorded on an EDP into Fund/Org 0005 Sub Account 9181.

Interest earned on IOU's for all other Funds will be recorded to Sub Account 9181 into the same Fund/Org that was used on the initial EDP when the State IOU was first received.

(See example 2)

### Example 1

Redemption of State IOU for Health Services Mental Health

Description of Deposit	Fund/Org	Subacct	Amount
CA W#93-027202 redeemed	100300	0127	7,838.00
CA W#93-027202 interest	000005	9181	38.00

EDP EXPLANATION: Redeem with Interest Oct 2, 2009.

### Example 2

Redemption of a State IOU for the Department of Child Support Services

Description of Deposit	Fund/Org	Subacct	Amount
CA W#93-026744 Redeemed	111600	0127	3899.00
CA W#93-026744 Interest	001805	9181	23.40
CA W#93-026744 Interest	001826	9181	15.42

EDP EXPLANATION: Redeem with Interest Oct 2, 2009.